

Message Text

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ORIGIN PM-03

INFO OCT-01 EUR-12 ISO-00 TRSE-00 OMB-01 AID-05 CIAE-00

DODE-00 H-01 INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 ACDA-05 MC-02 COME-00 /069 R

DRAFTED BY PM/SAS:RWSMITH:RG

APPROVED BY PM/SAS:JFLADD

EUR/SE - MR. CARROLL

TREASURY - MR. NENSEL

PM/SAS - MR. JAMES

DOD/DSAA - MR. BETTELEY

----- 080678

R 181453Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY ATHENS

INFO USCINCEUR

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E.O. 11652: N/A

TAGS: MASS, GR

SUBJECT: FY 75 FMS CREDIT FOR GREECE

1. DEPARTMENT APPROVED ON FEBRUARY 10 SECOND TRANCHE OF FY 75 FMS CREDIT IN AMOUNT OF \$48 MILLION IN USG-GUARANTEED CREDIT. TOGETHER WITH \$23 MILLION IN FMS DIRECT CREDIT APPROVED NOVEMBER 15 (STATE 252927), THIS MEETS USG PROPOSAL CONTAINED IN TASCA LETTER OF JUNE 13, 1974 TO PROVIDE GOG \$71 MILLION IN FY 75 FMS CREDIT TO HELP MEET GREEK PURCHASE OF A-7, T-2, AND C-130 AIRCRAFT.

2. UNDER TERMS OF CREDIT JUSTIFICATION FOR SECOND TRANCHE, A LOAN OF \$48 MILLION WILL BE REQUESTED FROM FEDERAL FINANCING BANK (FFB) WITH 10 YEAR REPAYMENT, INCLUDING TWO YEAR GRACE PERIOD. OTHER TERMS OF LOAN WILL BE DETERMINED BY FFB. DISBURSEMENT PERIOD WILL BE ONE YEAR FROM SIGNATURE
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OF LOAN. USG WILL PROVIDE GUARANTEE FOR LOAN. THERE WILL

BE A GUARANTY FEE, TO BE PAID BY GOG FROM ITS OWN RESOURCES,
OF ONE QUARTER OF ONE PERCENT OF PRINCIPAL AMOUNT.

3. IN RECENT LEGISLATION, CONGRESS AUTHORIZED FFB, AN
INSTRUMENTALITY OF TREASURY DEPARTMENT, TO PROVIDE USG-
GUARANTEED LOANS UNDER FMS CREDIT PROGRAM. HERETOFORE, USG-
GUARANTEED FMS CREDIT LOANS WERE OBTAINED DIRECTLY FROM
COMMERCIAL LENDING INSTITUTION BY RECIPIENT COUNTRY THROUGH
TREASURY'S AUCTION BID PROCEDURE. ADVANTAGES OF FFB ARE
THAT IT PROVIDES GOVERNMENT-TO-GOVERNMENT NEGOTIATING FRAME-
WORK AND INTEREST RATES LOWER THAN RATES AVAILABLE IN
COMMERCIAL MARKET.

4. DEPARTMENT HAS INFORMED GREEK EMBASSY THAT THIS \$48
MILLION IN FMS CREDIT HAS BEEN APPROVED. EMBASSY WILL
CONTACT TREASURY REPRESENTATIVES FOR BRIEFING ON STEPS
NECESSARY TO NEGOTIATE LOAN.

5. YOU MAY INFORM APPROPRIATE GOG OFFICIALS OF ABOVE
POINTS AND EXPLAIN THAT FURTHER REQUESTS FOR GOG ACTION
ON THIS CREDIT WILL BE ORIGINATED BY TREASURY AND PASSED
TO ATHENS BY GREEK EMBASSY. MAW

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